

LONG-TERM OBJECTIVE 2.2

Maximize the sustainability and growth of existing small business assisted by the SBA.

Major factors affecting small business survivability include:

- Ample supply of capital
- The fact that a firm is large enough to have employees
- The owner's education level
- The owner's reason for starting the firm in the first place, such as freedom for family life or wanting to be one's own boss

Small businesses that have more resources—those that are larger, have better financing, and employ staff—generally have a better chance of survival.²⁰ One study reveals that factors leading to business failure were financing problems, new competition, insurance costs, loss of major clients, inability to collect accounts receivable, tax-related reasons, and personal problems, such as divorce or death.²¹

SBA uses its financial, technical, and procurement programs to assist existing small businesses in obtaining capital, increasing their employment base, educating management, and encouraging entrepreneurship.

Financial Assistance

Performance and Costs to Achieve Results

By serving as a gap lender (that is, by providing assistance to small businesses that otherwise would not qualify for un-guaranteed financing), SBA assists existing small businesses in reducing barriers to capital access and improving the chance that a small business could create or maintain employment, increase revenue, and survive.

Through its financial assistance programs, including 7(a) Loans, 504 Loans, Microloans, International Trade, SBIC, and NMVC, SBA attempted to minimize the factors negatively affecting small business survival.

SBA's Microloan program, which provided 1,488 net loans to existing small businesses in FY 2005, often is sought by businesses that have fewer than five employees, very small capital needs, and, frequently, are located in low-income communities. Commercial lenders generally view the typical small business as high risk and high cost (on a dollar-loaned basis) with too little potential return to warrant significant investment. These small businesses often use the owner's personal and business credit cards, as they perceive shortage of credit and inefficient operation of credit markets. This type of debt, in case of an increase in interest rates, could result in a costly option to entrepreneurs. In FY 2005, microloans to


DID YOU KNOW?

Two-thirds of new employer establishments survive at least two years, and 44% survive at least four years.*

* Sources: "Survival and Longevity in the Business Employment Dynamics Database" by Amy E. Knaup, *Monthly Labor Review*, Volume 128, Number 5 (May 2005), pp. 50-6; "Redefining Business Success: Distinguishing Between Closure and Failure" by Brian Headd, *Small Business Economics*, Volume 21, Number 1 (August 2003), pp. 51-56.
http://www.sba.gov/advo/stats/bh_sbe03.pdf

20. Brian Headd, *Redefining Small Business Success: Distinguishing between Closure and Failure*, March 2002.
http://www.sba.gov/advo/stats/bh_sbe03.pdf

21. T. Sullivan, E. Warren, J. Westbrook, *Financial Difficulties of Small Businesses and Reasons for their Failure*, March 1999.
<http://www.sba.gov/advo/research/rs188.pdf>

existing small businesses represented 61% of total net microloans funded and had an average size of \$13,127. The typical existing small businesses' receiving a microloan include mom-and-pop businesses and sole-proprietorships working out of a home office.

In FY 2005, SBA contributed to closing this competitive opportunity gap by approving over 66,313 7(a) loans, thereby surpassing by 2% its goal of 65,305 7(a) loans approved to existing small businesses. This represents 55,526 existing small businesses (some businesses had more than one 7(a) loan) that were able to meet their financial needs thanks to the SBA. This is a 7% increase over FY 2004. The Agency achieved this at the same time

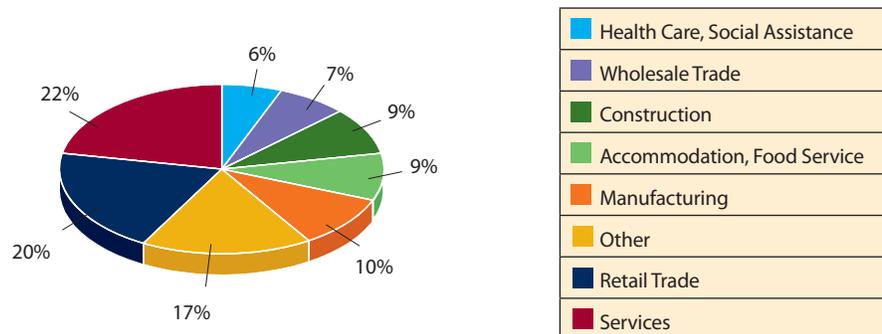
as it substantially reduced the cost of the 7(a) loan program to taxpayers by discontinuing loan subsidies and implementing a new policy requiring that lenders and borrowers pay a modest fee for the loan transaction.

The SBA's primary 7(a) delivery systems, (Preferred Lenders, the SBA Express, and LowDoc), account for 85% of the total 7(a) loan volume each year. However, lender participation in the SBA Express loan delivery system had the most significant impact on the number of 7(a) loans approved. The Agency approved over 67% of 7(a) loans to existing small businesses through SBA Express, a 7(a) delivery system that made capital available to businesses seeking loans of up to \$350,000 without requiring the lender to use the SBA process. Instead, lenders used their existing documentation and procedures to make and service loans.

Almost 71% of all 7(a) net loans funded to existing small businesses were for less than \$100,000, which these businesses used for working capital, equipment purchases, furniture, etc. As with 7(a) loan sizes to start-ups, there seems to be a trend in the demand among existing business toward a decreased size of 7(a) loans. The under-\$50,000 loan size segment experienced especially high growth, with an increase of over 58% from FY 2002 to FY 2005.

As is the case with start-ups, a considerable share of FY 2005 7(a) net loans funded to existing small businesses went to businesses in the service industry, retail trade, manufacturing, and accommodation and food service (see pie chart below).

7(a) Loans Approved in FY 2005 to Existing Small Businesses by Industrial Sector



DID YOU KNOW?

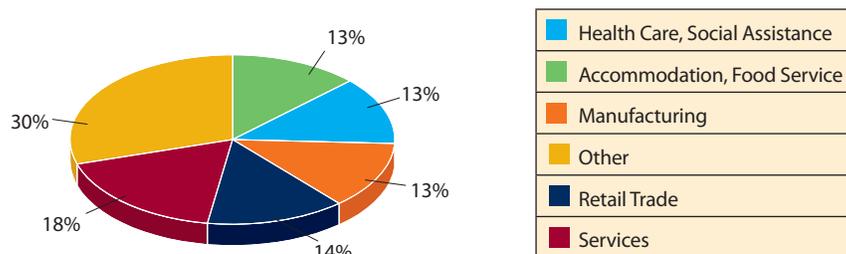
Top 3 delivery systems for 7(a) loans approved to Existing Businesses
 (63% of the gross number of loans approved to existing small businesses are for less than \$100,000)

SBA Express62%
 Preferred Lending Provider18%
 LowDoc6%

SBA achieved these 7(a) loan numbers in part through the decentralization of loan origination activities and the use of field offices in marketing and outreach efforts to promote its 7(a) loan program to existing small businesses, and in training lenders about the features of SBA loan programs and its delivery systems.

Another important program offered by the SBA to existing small businesses is the 504 Loan program, which serves small businesses requiring “brick and mortar” financing. Because a particular feature of this program is a statutorily-mandated job creation component, SBA also helps facilitate job creation. Typical 504 loan projects include a loan secured from a private-sector lender with a senior lien, and a loan secured from a Certified Development Company (CDC). As with the 7(a) loan program, the 504 Loan program received much support from field offices, which promoted the program and trained lenders and small businesses on the program’s features. In doing so, the Agency in FY 2005 assisted 7,335 existing small businesses that sought to expand or modernize their operations through real estate or machinery acquisition. To achieve this, the Agency approved 7,904 gross loans to these small businesses, exceeding by 16% its 504 loan goal. In net terms, SBA funded 7,712 loans to existing small businesses. Due to the large-investment nature the debt program, almost 66% of all 504 loans were between \$150,000 and \$750,000, much of which was directed to small businesses in services, retail trade, manufacturing, health care, and accommodation and food services (see pie chart below).

504 Loans Approved in FY 2005 to Existing Small Businesses by Industrial Sector



The SBA, through its 504 Loan program, contributed to small business growth, job creation and ensuring small business sustainability.

According to a report from the Office of Advocacy, small and medium-sized companies (those with fewer than 500 workers) account for 97% of all U.S. exporters, a percentage that has varied only slightly since 1995. Small and medium-sized businesses exported goods valued at \$182 billion that represented 29% of total U.S. goods exported.²² However, only about 2% of firms export goods or services.²³ Time constraints related to planning the exporting logistics and shortage of capital are important barriers to exporting that small business owners must overcome. SBA attempts to reduce these barriers by providing small businesses with trade assistance loans, technical assistance dealing with trade, regulatory and legislative issues, and management assistance.

22. Costs of Developing a Foreign Market for a Small Business: The Market & Non-Market Barriers to Exporting by Small Firms, Palmetto Consulting, Inc., 2004. <http://www.sba.gov/advo/research/rs241.pdf>

23. Exporting by Firm Size, Office of Advocacy, 1998. http://www.sba.gov/advo/stats/exp_rpt.pdf

In FY 2005, the SBA, through the Office of International Trade (OIT), funded 2,194 net international trade loans to existing small businesses. By approving a total of 2,335 gross export trade loans, the Agency exceeded its goal by 15%.

In addition, during FY 2005 the Agency aided in the production of \$761 million dollars in export sales loans by providing 2,064 existing small businesses with international trade financial assistance. Export trade loans dollars are important to existing small businesses because these loans have a direct correlation to export transactions with foreign buyers and the dollars of export sales that support a small business's growth and sustainability. Additionally, the corresponding increase in revenues and taxes helps local and State governments, while the revenues from exports also help to offset the U.S. trade deficit.

By providing 3,373 lenders with export loan training in FY 2005, the SBA exceeded by 32% its FY 2005 goal of training 2,550 lenders. Lender training is important to assist existing small businesses because it allows lenders to feel more comfortable making export loans, which sometimes are more complicated to make than domestic loans. In summary, time constraints related to planning, exporting logistics, and shortage of capital represent important barriers to exporting that small business owners must overcome. SBA attempted to reduce these barriers by providing lender training on international trade and commerce, trade assistance loans, and technical assistance that dealt with trade issues, regulatory and legislative matters, and management assistance.

As a small business progresses through its life cycle stages, the type of capital that it requires may change or expand to venture capital. For businesses that find themselves at a stage requiring venture capital, the SBA is there to ensure that their needs are met. Through its equity program, the SBA and SBICs helps meet the equity and mezzanine funding needs of small businesses in the \$500,000 to \$5,000,000 range. During FY 2005, the SBA provided 1,559 existing small businesses with equity financing.

There are economically distressed areas in this country where investment funds are in short supply. Through the SBA's New Market Venture Capital equity program, NMVC companies—for-profit investment funds with private management—were formed to promote economic development and the creation of wealth and job opportunities in their self-designated low-income geographic areas. The SBA companies assisted 14 existing small businesses, missing its FY 2005 goal of financing 34 existing small businesses located in this type of areas.

The following tables contains program output-measure values, total costs, and unit costs for indicators selected as the basis for program efficiency measurement.

Performance Statement Program Level Financial Assistance <i>Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.</i> <i>Long-Term Objective 2.2: Maximize the sustainability and growth of existing small business assisted by SBA.</i>							
SBA Programs Output Measures		FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Goal	FY 2005 Actual	FY 2005 % Goal Variance
Capital Access^a							
7(a) Loan Program	Loans Approved (number) ^b	38,080	51,793	62,999	65,305	66,313	G 1.5%
	Net Loans Funded (number) ^c	33,580	45,981	56,234	N/A	61,323	N/A
504 Loan Program	Loans Approved (number)	4,491	5,542	6,897	6,800	7,904	B 16.2%
	Net Loans Funded (number) ^c	3,893	4,956	6,383	N/A	7,712	N/A
Microloan Program	Net Loans Funded (number)	1,542	1,324	1,377	N/A	1,488	N/A
SBIC	Small Businesses Assisted (number)	1256	1,675	1,675	UNAVAIL.	1,559	N/A
International Trade	Loans Approved (number) ^d	783	1,553	2,113	2,029	2,335	B 15.1%
	Net Loans Funded (number) ^c	702	1,395	1,938	N/A	2,194	N/A
	Lenders Trained (number)	N/A	N/A	2,505	2,550	3,373	B 32.3%
	Export Sales Financing (\$ million)	\$616	\$668	\$924	\$750	\$761	G 1.5%
NMVC	Small Businesses Assisted (number)	N/A	N/A	22	34	14	R -58.8%
Total Financial Assistance Provided^e		45,369	60,334	72,970	72,139	77,278	7.1%

a. In FY 2005, the Surety Bond Guarantees indicator was eliminated from financial assistance tables and displayed only under procurement assistance tables.

b. FY 2002 through FY 2004 actuals information was re-stated in FY 2005.

c. New indicator as of FY 2005.

d. These loans are a subset of 7(a) and 504 loans and as such they are not added to the total financial assistance. The historical data for FY 2002 through FY 2004 have been revised.

e. Total represents gross loans approved for 7(a) and 504, net Microloans funded, and small businesses assisted under the SBIC and NMVC programs.

Performance Statement

Program Level Financial Assistance

*Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.
Long-Term Objective 2.2: Maximize the sustainability and growth of existing small business assisted by SBA.*

SBA Programs Outcome Measures ^a		FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Goal	FY 2005 Actual	FY 2005 % Goal Variance
2.2.1 Increase the number of existing small businesses (ESB) receiving SBA assistance.							
Capital Access^b							
7(a) Loan Program	ESB assisted	31,859	43,023	53,544	N/A	57,296	N/A
504 Loan Program	ESB assisted	3,864	4,935	6,329	N/A	7,629	N/A
Microloan Program	ESB assisted	1,542	1,324	1,377	N/A	1,488	N/A
SBIC	ESB assisted	1,256	1,675	1,675	UNAVAIL.	1,559	N/A
International Trade	ESB assisted	664	1,313	1,872	N/A	2,064	N/A
NMVC	ESB assisted	N/A	N/A	22	34	14	-58.8% R
Total ESB Assisted		38,521	50,957	62,947	34	67,986	N/A
SBA Programs Costs ^c		FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate	FY 2005 Actual	FY 2005 % Cost Variance
Capital Access							
7a Loans	Total Program Cost (\$000)	\$159,628	\$158,795	\$139,910	\$54,943	\$50,529	-7.9%
	Cost Per Loan Funded (\$)	\$6,400	\$4,439	\$3,493	N/A	\$559	N/A
	Cost per loan liquidated (\$) ^d	\$2,559	\$2,214	\$687	N/A	\$1,191	N/A
504 Loans	Total Program Cost (\$000)	\$17,705	\$30,014	\$27,181	\$17,739	\$18,751	5.7%
	Cost Per Loan Funded (\$)	\$3,207	\$4,391	\$3,597	N/A	\$1,581	N/A
	Cost per loan liquidated (\$) ^{d,e}	N/A	\$13,043	\$4,319	N/A	\$7,587	N/A
Microloans	Total Program Cost (\$000)	\$2,056	\$5,357	\$3,781	\$2,688	\$2,663	-0.9%
	Cost Per Loan Funded (\$)	\$678	\$2,507	\$2,595	N/A	\$1,584	N/A
International Trade	Total Cost (\$000)	\$4,990	\$5,811	\$5,447	\$4,006	\$4,491	12.1%
	Cost per Loan Funded (\$)	\$7108	\$4,166	\$2,811	N/A	\$2,047	N/A
NMVC	Total Program Cost (\$000)	\$5,152	\$12,626	\$472	\$268	\$244	-8.8%
	Cost Per Business Assisted (\$000)	N/A	N/A	\$21,474	\$7,882	\$17,449	121.4%
SBIC	Total Program Cost (\$000)	\$10,789	\$9,322	\$9,983	\$11,273	\$10,764	-4.5%
	Cost per Business Served (\$000)	N/A	N/A	\$5,960	N/A	\$6,905	N/A
Total OCA Financing Assistance Cost (\$000)		\$200,320	\$221,925	\$186,774	\$90,917	\$87,436	-3.8%

a. Customer Satisfaction, reported in previous LTO 2.2 tables, is only tracked for technical assistance, programs SCORE, SBDC, and WBC. The indicator is not being tracked for programs offering financial assistance.

b. Change in calculation of ESB resulted in a revision of the FY 2002–FY 2004 previously published values for 7(a), 504 and International Trade. ESB Assisted during FY 2002–FY 2005 represent the unique number of existing small businesses receiving assistance through the respective program.

c. New efficiency measure Cost per Loan Funded replaces Cost per Loan Approved for the 7(a), 504, Microloan, and International Trade programs.

d. The cost per loan liquidated was calculated by dividing the Loan Liquidation cost by the number of 7(a) loans purchased in a fiscal year.

e. New Cost Indicator as of FY 2005.

Goals Exceeded

Output Measure International Trade Loans approved – existing small businesses		
Target	Result	Above Target by
2,029 Loans Approved	2,335 Loans Approved	15%
Reasons for performance result		
This is the first year that additional money was allocated to travel and the results went beyond expectations. The availability of increased travel funds for the field network meant they were able to cover their extensive territory better and sell the loan program to the banks and to the small business exporters.		
Steps being taken to improve performance or targets		
The FY 2006 training goal reflects FY 2005 actuals.		
Impact of result		
Since travel and the resultant direct approach has had a positive effect, SBA will continue using this resource in the future.		

Output Measure International Trade – lenders trained – existing small businesses		
Target	Result	Above Target by
2,550 Lenders Trained	3,373 Lenders Trained	32%
Reasons for performance result		
The success is due in part to the availability of travel funds for the field network. They were able to travel throughout their extensive territory and train lenders on how to use SBA International Loan products. SBA was concerned about the lack of uniform understanding by the field workforce of this element. In order to have uniformity in this measure, the Agency provided a definition as part of the Personal Business Commitment (PBC) elements of the employees.		
Steps being taken to improve performance or targets		
The goal for future performance will be adjusted to show this year's results.		
Impact of result		
An increase in lenders trained will lead to more loans and help improve the economic viability of the small business community. Since the direct approach via increased traveled has had such a positive effect, the Agency will continue to use this approach in the future.		

Goals Not Met

Output Measure New Market Venture Capital – small businesses assisted		
Target	Result	Below Target by
34 Small Businesses Assisted	14 Small Businesses Assisted	59%
Reasons for performance result		
The major reason SBA did not meet the FY 2005 goal for assisting small businesses is that the goal reported incorrectly represented the number of financings rather than number of small businesses assisted. In addition, in the beginning of FY 2005, the goal for number of small businesses assisted was mistakenly applied only to existing small businesses. The total goal should have been separated into start-ups and existing small businesses.		
Steps being taken to improve performance or targets		
SBA sees the above mentioned problems as a one-time issue and is currently working with NMVC companies to ensure the development and communication of accurate program goals. One of the steps already taken has been the addition of a new NMVC indicator in the LTO 2.1 (Small Business Start-ups) financial assistance section. This new indicator reflects the number of start-up businesses receiving NMVC assistance; effectively making the distinction between the number of start-ups and the number of existing small businesses assisted through this program. In the future, performance targets will be set accordingly.		
Impact of result		
SBA expects that improved performance measures for NMVC will, in the long-run, enhance program-related decision-making and management.		

Technical Assistance

Performance and Costs to Achieve Results

During FY 2005, the SBA worked to increase the number of existing small businesses that received training and counseling services through the Office of Entrepreneurial Development (OED), and its resource partners—SCORE, the SBDCs and the WBCs—and to ensure that the assistance provided made a significant contribution to the success of these businesses.

Although all three of the SBA's main technical and management assistance programs work with existing businesses, this is the focus of the SBDC program.

The hallmark of the SBDC program is its contribution to overall economy through highly specialized technical assistance, primarily long-term counseling and training, resulting in increased sustainability and growth of existing small businesses. According to ED's FY 2004 Impact Survey, over 280,000 of the small businesses assisted in FY 2004, or almost 66% of the SBDC clients, were already in business. The survey also indicated that this program serves larger companies (with average revenues of \$272,552) with greater numbers of employees (6.3 on average) than the other ED programs.

Many of these small businesses benefit from specialized SBDC centers, which focus on targeted industry sectors such as manufacturing, international trade, technology and Federal procurement. SBA has partnered with the Association of Small Business Development Centers to identify the feasibility of establishing a centralized database for manufacturing. Some SBDCs have partnered with the Department of Commerce, National Institute of Standards and Technology's Manufacturing Extension Partnerships (MEPs) to provide specialized services to small manufacturers. Through these partnerships, small manufacturers can receive business management assistance from the SBDC and engineering assistance from the MEPs.

Additionally, several initiatives were undertaken in the SBDC program supporting and implementing various aspects of the President's Management Agenda (PMA). These were accomplished to support increased e-government and integration of budget and performance into daily operations.

One new SBA initiative, Online Service Delivery, recognized the ever-growing need to provide client information 24/7. During FY 2005, SBA implemented an Online Counseling Pilot in the SBDC program, with one SBDC pilot in each of the 10 SBA regions nationwide. These pilots were conducted to test online counseling as a means for improving delivery of SBDC counseling services to small businesses. Enabling online interactions between SBDC counselors and remotely-located clients reduced the time and costs of commuting to meetings. As a result of this initiative, SBDCs have expanded the use of Web-based tools and services, including business planning tools, online training courses, and online resources. SBDC clients are able to more efficiently use their time and resources, while continuing to receive needed information and guidance on business matters. Although the pilot experience showed only a limited ability to attract new clients, it indicated that clients participating in the pilot benefited from the value-added service. The online counseling service proved particularly useful in helping small businesses with cash flow projections, financial modeling, and business planning.

Utilization and results of Web-based technology varied from region to region. As a follow-up to this pilot, all SBDCs will be expected to demonstrate a plan of implementation for Web-based direct client services if services are not currently offered. Prior to submitting their 2006 grant proposals, each SBDC lead center was required to complete a self-assessment of the online service delivery that it currently makes available to small businesses. Those SBDCs with only limited online service capabilities were required to include demonstration projects in their grant proposals that would serve to improve their levels of online service delivery.

Another project undertaken in FY 2005 by the SBDC Program was the development of a Risk Assessment Model that provides information on the quality of management and service delivery of each SBDC and the network overall. The model will provide SBA and the SBDCs with information on how they rank in the national network and indications of where improvements should be made. With each successive year, trend information will be developed, providing insight on the quality of services provided and the management of SBDC resources. This will allow SBA and the SBDCs to identify challenges and take a more proactive approach to improving performance outcomes and the services. Results from this model may also be useful in providing the kind of performance evaluators helpful for making funding decisions if the funding formula for the SBDC program is redefined. SBDC operating practices considered most effective will be recognized as best practices to be shared with the other SBDCs. Those SBDCs identified as strong performers also are eligible for more streamlined review processes, reducing the time and resources that SBA must devote to their oversight. Conversely, SBDCs having more difficulty meeting the compliance expectations will receive more comprehensive reviews, along with increased communication and training to correct deficient areas.

During FY 2005, SBA also expanded its use of desk financial reviews for those SBDCs with a low risk of financial irregularities. This program, which was successfully piloted in 2004, has been expanded to those SBDCs receiving approximately \$1 million or less in Federal funds annually that have been getting good financial assessments from OSBDC reviewers and outside auditors. Desk reviews are performed for these SBDCs, rather than on-site financial reviews, for one cycle. This reduces the time SBDC and OSBDC staff must dedicate to the process and the costs associated with oversight travel, resulting in increased cost-efficiencies. In FY 2006, onsite financial reviews for low-risk SBDCs receiving larger amounts of Federal funds also will be streamlined to align the level of review with the level of risk.

In FY 2005, more than 234 small businesses implemented complete Drug-Free Work Place (DFWP) programs and 103 implemented partial DFWRPs. The grantees educated 3,374 small businesses and



provided financial assistance to 1,421 small businesses. In addition, SBA, through DFWP, provided technical assistance to 1,815 small businesses and 1,171 education sessions. The FY 2005 numbers are somewhat lower than in the past because SBDCs were ineligible for the grants in FY 2005, and because program funding was being reduced.

The Initial Impact Study of Entrepreneurial Development Resources showed that for the SCORE Program, in-business firms composed of 57.6% of the respondents; and 69% of these clients reported that the information they received from SCORE counselors they visited was valuable, giving their counselors high effectiveness ratings.

SBA exceeded the SCORE goal established for FY 2005 for existing businesses. SCORE attributes this success to cultivating client relationships, better awareness, and increasing various marketing and public relations activities. Similarly, SCORE exceeded by 9% its goal for the number of users counseled online. In addition, SCORE trained 21,000 clients during this period.

In support of the 1,488 microloans approved to existing small businesses in FY 2005, SBA provided approximately 17,096 hours of pre-loan technical assistance to those same borrowers. No FY 2005 goals exist for the Microloan program, as no funding for this program has been requested for fiscal years 2005 through 2007.

Additionally, by providing early business development training and transitional business development training for 2,000 8(a) and other 7(j)-eligible firms, the SBA improved their capacity to successfully compete for Federal or private contracts.

Through the OSA, Business Alliances unit, the SBA assists existing small businesses by working with multiple SBA offices and multiple external partners in executing co-sponsored activities that provide free or low-cost training. OSA External Affairs develops alliances with associations, extending SBA training resources more broadly through association members. The OSA National Events unit coordinates events that include panel sessions on multiple training topics and are attended by small business owners. Over 2,500 small businesses attended SBA Expo '05 with approximately half of those also attending workshops during the event.

Performance Statement

Program Level Technical Assistance

*Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.
Long-Term Objective 2.2: Maximize the sustainability and growth of existing small business assisted by SBA.*

SBA Program Output Measures ^a		FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Goal	FY 2005 Actual	FY 2005 % Goal Variance
Capital Access							
Microloan Program	Hours technical assistance (number)	124,008	105,693	16,873	N/A ^b	17,096	N/A
	Small businesses receiving technical assistance (number)	N/A	N/A	1,377	N/A	1,488	N/A
International Trade	Attendees trained (number)	N/A	N/A	1,292	1,550	6,143	296.3% B
	Clients counseled (number)	N/A	N/A	3,250	3,600	3,788	G 5.2%
Entrepreneurial Development							
SCORE ^m	Attendees trained (number)	20,388	23,516	23,282	Base Year ^c	21,353	N/A
	Clients counseled (number)	54,462	57,117	56,304	44,075	48,705	10.5% B
SBDC ^{d,m}	Attendees trained (number)	149,670	159,219	173,899	Base Year ^c	175,537	N/A
	Clients counseled (number)	104,339	108,920	109,163	Base Year ^c	98,687	N/A
	Training hours (number)	617,496	686,765 ^e	745,855	768,232	676,600	-11.9% R
	Counseling hours (number)	576,873	610,835	574,243	591,470	531,356	-10.2% R
WBC ^{f,m}	Attendees trained (number)	110,128	12,845	16,006	Base Year ^c	20,449	N/A
	Clients counseled (number)	6,137	8,477	8,536	Base Year ^c	9,523	N/A
BIC ^g	Clients counseled (number)	14,666	16,550	16,627	N/A ^h	N/A	N/A
SBTN ⁱ	Registered users taking online courses (number)	N/A	N/A	N/A	N/A	96,344	N/A
DFWP ^j	Small businesses establishing drug-free workplace programs (number)	1,365	1,500	1,075	330	1,029	N/A
	Total number of small business clients educated about benefits	N/A	11,873	19,400	6,500	11,800	N/A
Total Receiving Technical Assistance		362,040	388,144	416,587	51,555 ^k	388,809	N/A ^l

a. Italicized numbers represent estimates.

b. As no funding has been requested for this program, no performance goals were developed for FY 2005.

c. Due to changes in ED client definitions, FY 2005 goal was set as base year.

d. Small Business Development Centers (SBDC).

e. 2003 PAR FY 2003 value for Training hours revised in 2004.

f. Women's Business Center (WBC).

g. Business Information Center (BIC).

h. No funding has been requested for 2005.

i. Small Business Training Network (SBTN).

j. Drug-Free Work Place (DFWP).

k. Total does not include the target from the main technical assistance programs. Due to changes in ED client definitions, FY 2005 goal was set as base year for technical assistance programs.

l. Variance could not be calculated due to distortion of FY 2005 values that resulted from ED client definition changes.

m. Values for current fiscal year are estimates. Please click on program name to see methodology used to calculate the estimates. Actual values will be available by 11/30/05.

Performance Statement

Program Level Technical Assistance

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SBA Intermediate Output Measures		FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Goal	FY 2005 Actual	FY 2005 % Goal Variance
Entrepreneurial Development							
SBDC	Jobs Created/Retained (number)	66,913	63,822	65,796	67,709	N/A ^a	N/A
	Revenue (\$ millions)	\$3,930	\$2,791	\$3,759	\$2,874	N/A ^a	N/A
SBA Programs Outcomes		FY 2002 Actual	FY 2004 Actual	FY 2004 Actual	FY 2005 Goal	FY 2005 Actual	FY 2005 % Goal Variance
2.2.1 Increase the number of existing small businesses (ESB) receiving SBA assistance.							
Capital Access							
Microloans	ESB assisted	N/A	N/A	1,377	N/A	1,488	N/A
International Trade	ESB assisted	N/A	N/A	1,292	1,550	9,931	92.8% ^B
Government Contracting / Business Development							
7(j) Program	ESB assisted	N/A	N/A	5,776	2,000	2,107	5.4% ^G
Entrepreneurial Development							
SCORE	ESB assisted	74,850	80,633	79,586	44,075	70,058	59.0% ^B
SBDC	ESB assisted	254,009	268,139	283,062	N/A	274,224	N/A
WBC	ESB assisted	17,150	21,322	24,542	N/A	29,972	N/A
BIC	ESB assisted	14,666	16,550	16,627	N/A	N/A	N/A
SBTN	ESB assisted	N/A	N/A	N/A	N/A	96,344	N/A
DFWP	ESB assisted	1,365	1,500	1,075	330	1,029	N/A
Total ESB Assisted		362,040	388,144	413,337	51,555 ^b	388,809	N/A ^c

a. These economic impact figures are available in their entirety only six months after the close of SBA's fiscal year.

b. Total does not include the target from the main technical assistance programs. Due to changes in ED client definitions, FY 2005 goal was set as base year for technical assistance programs.

c. Variance could not be calculated due to distortion of FY 2005 values that resulted from ED client definition changes.

Performance Statement							
Program Level Technical Assistance							
<i>Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.</i>							
<i>Long-Term Objective 2.2: Maximize the sustainability and growth of existing small business assisted by SBA.</i>							
2.2.5 Median customer satisfaction rate ^a							
Entrepreneurial Development^b							
SCORE	% Customer Satisfaction	83.0%	83.0%	89.0%	90.0%	69.1%	-23.2% R
SBDC	% Customer Satisfaction	87.5%	UNAVAIL.	76.5%	76.5%	78.6%	2.7% G
WBC	% Customer Satisfaction	UNAVAIL.	80.0%	94.0%	81.6%	92.1%	12.9% B
Total Average Customer Satisfaction Rate		85.3%	85.0%	86.5%	82.7%	79.9%	-3.3%
SBA Cost (\$000)		FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate	FY2005 Actual	FY 2005 % Cost Variance
Capital Access							
Microloans	Total Cost (\$000)	\$11,068	\$8,200	\$6,806	\$8,213	\$8,630	5.1%
	Cost per Hour of Technical Assistance (\$)	\$89	\$78	\$403	N/A	\$505	N/A
Government Contracting / Business Development							
7(j) Program	Total Cost (\$000)	\$4,534	\$2,803	\$4,626	\$2,813	\$3,116	10.8%
	Cost per face to face training (\$)	N/A	N/A	\$801	N/A	\$1,479	N/A
Entrepreneurial Development							
SBTN	Total Cost (\$000)	N/A	N/A	\$420	\$197	\$204	3.6%
	Cost per client served (\$)	N/A	N/A	N/A	N/A	N/A	N/A
SCORE	Total Cost (\$000)	\$2,256	\$1,918	\$2,926	\$3,712	\$3,146	-15.2%
	Cost per client served (\$)	\$30	\$24	\$37	\$84	\$45	-46.7%
SBDC	Total Cost (\$000)	\$39,043	\$36,176	\$40,381	\$40,737	\$41,181	1.1%
	Cost per client served (\$)	\$154	\$135	\$143	N/A	\$150	N/A
WBC	Total Cost (\$000)	\$3,490	\$3,328	\$4,318	\$4,789	\$4,711	-1.6%
	Cost per client served (\$)	\$204	\$156	\$176	N/A	\$157	N/A
BIC	Total Cost (\$000)	\$1,194	\$102	\$995	N/A	N/A	N/A
DFWP	Total Cost (\$000)	\$2,773	\$1,941	\$1,025	\$1,034	\$1,033	-0.1%
NAO	Total Cost (\$000)	\$310	\$2,536	\$4,440	\$3,779	\$3,530	-6.6%
Total Technical Assistance Cost (\$000)		\$64,668	\$57,004	\$65,937	\$65,274	\$65,551	-0.5%

a. In FY 2005, the survey instrument for collecting and evaluating client customer satisfaction for SBDCs, SCORE, and WBCs, was changed. FY 2005 is now the new baseline year on which future comparisons can be made. It is erroneous to compare FY 2005 data and previous years, as the instruments, population, and methodology are not consistent.

b. Customer Satisfaction is only tracked for SCORE, SBDC, and WBC. As a result, the indicator has been eliminated for the following programs: Microloan, International Trade, Prime Technical Assistance, 7(j), HUBZone, BIC, DFWP, One-Stop Capital Shop, NAO.

Goals Exceeded

Output Measure International Trade, Attendees Trained – existing small businesses		
Target	Result	Above Target by
1,550 Attendees Trained	6,143 Attendees Trained	296%
Reasons for performance result		
The success is due in part to the availability of travel funds for the field network. They were able to travel throughout their extensive territory and train small businesses on the benefits of exporting. This was one of SBA's new performance measures. The Agency therefore did not have an existing baseline to set this goal. SBA was concerned about the lack of uniform understanding by the field workforce of this element. In order to have uniformity in this measure, the Agency provided a definition as part of the Personal Business Commitment elements of the employees.		
Steps being taken to improve performance or targets		
The goal for future performance will be adjusted to show this year's results.		
Impact of result		
Since travel and the resultant direct approach has had a positive effect, SBA will continue using this resource in the future so that there is an improved awareness of SBA programs available to champion their export needs.		

Output Measure SCORE Clients Counseled – existing small businesses		
Target	Result	Above Target by
44,075 Clients Counseled	48,705 Clients Counseled	11%
Reasons for performance result		
SCORE has increased the positive impact of SBA assistance upon the number and success of small business start-ups. The Agency attributes this success to cultivating client relationships, counselor expertise, and increasing various marketing and public relations activities.		
Steps being taken to improve performance or targets		
During FY06 SCORE will implement the new client counseled definition. The number of clients counseled in FY 2006 will be the baseline for future counseling goals. Full implementation of the Entrepreneurial Development (ED) client definitions will provide predictability on which to achieve annual and Long-Term Objectives.		
Impact of result		
SBA will not be able to determine the impact of this result until it has been able to establish a baseline based on the new SCORE client definition.		

Outcome Measure 2.2.1 International Trade – Existing Small Businesses Assisted		
Target	Result	Above Target by
5,150 ESB Assisted	9,931 ESB Assisted	93%
Reasons for performance result		
The success is due in part to the availability of travel funds for the field network. They were able to travel throughout their extensive territory and train small businesses on the benefits of exporting. SBA was concerned about the lack of uniform understanding by the field workforce of this element. In order to have uniformity in this measure, the Agency provided a definition as part of the PBC elements of the employees.		
Steps being taken to improve performance or targets		
The goal for future performance will be adjusted to show this years results.		
Impact of result		
Since travel and the resultant direct approach has had a positive effect, SBA will continue using this resource in the future. Additionally the goal for future performance will be adjusted to show this years results.		

Outcome Measure 2.2.1		
SCORE – Existing Small Businesses Assisted		
Target	Result	Above Target by:
44,075 ESB assisted	70,058 ESB assisted	59%
Reasons for performance result		
The number of established small business assisted is the sum of clients counseled and clients trained. FY 2005 was the first year in which the revised ED training definition was in use and consequently there was no goal for it. This lowered the number of the training clients that could be counted toward goal attainment for ESB assisted by SCORE.		
Steps being taken to improve performance or targets		
The FY 2006 training goal will reflect FY 2005 actuals.		
Impact of result		
This indicator will not completely reflect the performance of this program until FY 2007 when both counseling and training ED client definitions would have been fully implemented.		

Outcome Measure 2.2.5		
WBC Customer Satisfaction Rate – existing small businesses		
Target	Result	Above Target by
81.6% Customer Satisfaction	92.1% Customer Satisfaction	13%
Reasons for performance result		
In FY 2005, the survey instrument for collecting and evaluating client customer satisfaction was changed.		
Steps being taken to improve performance or targets		
FY 2005 was the first year customer satisfaction results were provided from the Impact Study of Entrepreneurial Development Resources for the PAR. FY 2005 is now the new baseline year on which future comparisons can be made.		
Impact of result		
The performance indicators for FY 2005 cannot be measured against previous years as the FY 2005 data was derived from the ED Impact Study which was first implemented this fiscal year.		

Goals Not Met

Output Measure SDBC Training Hours – existing small businesses		
Target	Result	Below Target by
768,232 Training Hours	676,600 Training Hours	12%
Reasons for performance result		
The decrease in training hours can be attributed to the change in client definitions for Entrepreneurial Development (ED) programs. The new definitions disallow training hours that are shared among resource partners and those from multiple sessions of long-term training courses.		
Steps being taken to improve performance or targets		
The new client definitions will enable SBA to consistently monitor training performance.		
Impact of result		
Further analysis of the economic impact data will provide more information regarding possible trends. This information will be available December 2005.		

Output Measure SDBC Counseling Hours – existing small businesses		
Target	Result	Below Target by
591,470 Counseling Hours	531,356 Counseling Hours	10%
Reasons for performance result		
The decrease in counseling hours can be attributed to the change in client definitions for Entrepreneurial Development (ED) programs. The new definitions allow counseling sessions of a shorter duration to be reported that is resulting in an increased number of sessions but of shorter duration.		
Steps being taken to improve performance or targets		
A new baseline is being established from the 2005 information using the new client definitions that will enable SBA to consistently monitor training performance. Historically, quality, longer-term counseling sessions have resulted in more significant economic impact in the SBDC program therefore SBA has increased counseling hour goals for 2006/2007 to redirect this trend.		
Impact of result		
Further analysis of the economic impact data will provide more information regarding possible trends.		

Outcome Measure 2.2.5 SCORE Customer Satisfaction Rate – existing small businesses		
Target	Result	Below Target by
90% Customer Satisfaction	69.1% Customer Satisfaction	23%
Reasons for performance result		
In FY 2005, the survey instrument for collecting and evaluating client customer satisfaction was changed.		
Steps being taken to improve performance or targets		
The SBA's Entrepreneurial Development (ED) Impact Study established a new uniform methodology to survey ED clients. Therefore, FY 2005 data is now the new baseline year on which future comparisons can be made.		
Impact of result		
The performance indicators for FY 2005 cannot be measured against previous years as the FY 2005 data was derived from the ED Impact Study which was first implemented this past fiscal year.		

Procurement Assistance

Performance and Costs to Achieve Results

The SBA helped sustain and grow existing small businesses through an improved 8(a) program electronic application process, which increases staff efficiency by about 30% and reduces processing cycle time for applicants by nearly 50%. The SBA also began development of an electronic annual review process, which allows 8(a) to easily comply with this program requirement. The Agency also executed Memorandums of Understanding with more than 35 State Associations Surplus Property to simplify and improve coordination of the use of Federal surplus property by 8(a) firms. This resulted in an increased use of the Federal surplus property program by 8(a) firms. Additionally, SBA conducted more than 400 one-on-one meetings between 8(a) participants and procurement officers to increase equitable distribution of contracts.

During FY 2005, the SBA increased the net number of new firms entering the 8(a) business development program by 10%, and increased by 10% the number of firms participating in the mentor-protégé program to increase Federal contracting opportunities.

A critical performance component of the 8(a) program is the number of small businesses remaining successful three years after graduation. SBA established a methodology and formula to set a baseline for measuring the percent of client success rate three years after graduation based on individual business plan targets, goals and objectives. As part of this methodology, SBA proposed a definition for 8(a) small business success and proposed criteria for 8(a) graduation that are currently under review.

The HUBZone Program is an economic development program that provides procurement opportunities to firms located in, and employing residents of, distressed urban and rural communities. The HUBZone Program's accomplishments and plans are described under Long-Term Objective 2.3. This is the LTO that focuses on these populations.

The availability of surety bonds to small businesses engaged in the construction, supply and service sectors is critical to their viability and growth. The Surety Bond Guarantee program fosters a three-way partnership among the small business, the surety company, and SBA through an SBA guarantee of between 70 and 90% of the bond amount. As these small businesses grow and prosper, they are then better equipped to obtain bonding through the normal commercial channels.

Performance Statement

Program Level Procurement Assistance

*Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.
Long-Term Objective 2.2: Maximize the sustainability and growth of existing small business assisted by SBA.*

SBA Programs Output Measures		FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Goal	FY 2005 Actual	FY 2005 % Goal Variance
Capital Access							
Surety Bonds	Bid Bonds Guaranteed (number) ^a	N/A	N/A	N/A	N/A	3,998	N/A
	Final Bond Guaranteed (number) ^b	N/A	N/A	N/A	N/A	1,680	N/A
Government Contracting / Business Development (GCBD)							
HUBZone	Certification Actions (number) ^c	2,786	2,338	2,294	2,900	2,960	G 2.1%
	Program examinations completed (number)	N/A	N/A	505	575	593	G 3.1%
8(a) Program	Applications processed (number) ^b	N/A	N/A	N/A	N/A	3,980	N/A
	Applications approved (number) ^b	1,251	1,350	1,328	N/A	1,477	N/A
	Participants serviced (number) ^b	7,585	8,431	8,900	N/A	9,458	N/A
Total Procurement Assistance Provided		10,371	10,769	11,194	2,900	14,098 ^d	N/A ^e
SBA Programs Intermediate Outcomes		FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Goal	FY 2005 Actual	FY 2005 % Goal Variance
Government Contracting / Business Development							
HUBZone Program	Capital Investment increase (percentage)	N/A	N/A	N/A	N/A	32%	N/A
	Jobs created/retained (number)	N/A	N/A	150,000	157,500	191,000	B 21.3%
8(a) Program	Small businesses still in business 3 years from date of exiting 8(a) program (percentage)	N/A	N/A	86.0%	70.0%	77.0%	G 10.0%

a. Original indicator Bonds Guaranteed was replaced by Bid Bonds Guaranteed.

b. New indicator for FY 2005.

c. During FY 2005, indicators Program Recertification Actions and Small Businesses Certified were combined into one new indicator called Certification Actions (number).

d. Total includes FY 2005 performance values of new indicators.

e. Variance cannot be calculated due to the high FY 2005 actual value resulting from the addition of a new indicator.

Performance Statement Program Level Procurement Assistance <i>Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.</i> <i>Long-Term Objective 2.2: Maximize the sustainability and growth of existing small business assisted by SBA.</i>							
SBA Programs Outcome Measures ^a		FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Goal	FY 2005 Actual	FY 2005 % Goal Variance
2.2.1 Increase the number of existing small businesses (ESB) assisted.							
Capital Access							
Surety Bonds	ESB assisted	N/A	N/A	N/A	N/A	1,680	N/A
Government Contracting / Business Development							
HUBZone	ESB assisted ^b	2,786	2,338	2,294	2,900	2,960	G 2.1%
8(a) Program	ESB assisted ^c	7,585	8,431	8,900	N/A	9,458	N/A
Total ESB Assisted		10,371	10,769	11,194	2,900	14,098	N/A ^d
SBA Programs Costs		FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate	FY 2005 Actual	FY 2005 % Cost Variance
Capital Access							
Surety Bonds	Total Cost (\$000)	\$4,203	\$3,666	\$3,818	\$5,359	\$4,882	-8.9%
	Cost per Final Surety Bond (\$)	N/A	N/A	N/A	N/A	\$2,906	N/A
Government Contracting / Business Development							
HUBZone	Total Cost (\$000)	\$6,539	\$5,648	\$6,825	\$7,849	\$7,769	-1.0%
	Cost per Small Business (\$)	\$2,347	\$2,416	\$2,975	\$2,707	\$2,625	-3.0%
8(a) Program	Total Cost (\$000)	\$42,434	\$33,374	\$34,945	\$32,176	\$31,387	-2.5%
	Cost per Participant Served (\$)	\$5,594	\$3,958	\$3,926	N/A	\$3,319	N/A
Total Procurement Assistance Cost (\$000)		\$53,176	\$42,688	\$45,587	\$45,384	\$44,038	-3.0%

a. Customer Satisfaction is currently not being tracked for procurement assistance programs Surety Bond, Guarantees, HUBZone, and 8(a). As a result, the previously published indicator was eliminated.

b. Reflects final SBG.

c. Reflects Participants Served.

d. Variance cannot be calculated due to the high FY 2005 actual value resulting from the addition of a new indicator.

Goals Exceeded

Outcome Measure		
HUBZone, Number of Jobs Created/Retained – existing small businesses		
Target	Result	Above Target by
157,500 jobs created/retained	191,000 jobs created/retained	21%
Reasons for performance result		
Subsequent to estimates, the laws governing the HUBZone Program changed, extending and expanding geographical eligibility. Rural areas were particularly affected. SBA believes that more large rural firms applied and were certified under the Program in FY 2005 than in prior years, resulting in the positive variance.		
Steps being taken to improve performance or targets		
The Agency believes that the growth in size of firms applying will level- off shortly. SBA will monitor FY 2006 first and second quarter results, and adjust multi-year targets accordingly.		
Impact of result		
This variance has no adverse impact on the program.		